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Bailey, Dudley Perkins

The clearing-house
business of 1884

New York

1885

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THE
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1884.

BY
DUDLEY P. BAILEY.

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THE CLEARING-HOUSE BUSINESS OF 1884.

The record of Clearing-house transactions, both at home and abroad, in 1884, tells a story of almost universal depression in business. In the United States the clearings are the smallest recorded in any year since 1879. Out of twenty-nine Clearing-houses reporting their operations for the whole of both years, only eight show any increase whatever. Kansas City, Norfolk and Minneapolis show a large increase in their exchanges; Milwaukee, Memphis, St. Joseph, Columbus and Syracuse show a ratio of increase ranging from 1.7 to 10.3 per cent. All the others show a decline ranging from nine-tenths of one per cent. to 30.8 per cent. New York declines 17.2 per cent.; Boston, 7.7; Philadelphia, 10.7; Chicago, 10.5; St. Louis, 9.8; Baltimore, 9.4; San Francisco, 9.9; New Orleans, 13.8 per cent. In the country at large the decline amounts to 14.8 per cent., and for the Clearing-houses outside of New York, 8.3 per cent. The sales of stocks at New York, which affect very greatly the amount of the clearings there, were slightly less than in 1883, and the range of prices somewhat lower. The following interesting table, from the *Commercial and Financial Chronicle*, shows the number and value of shares sold at the New York Stock Exchange during the past ten years:

Year.	Stocks, Shares.	Average Price.	Values, Approximate.
1884	96,154,971	\$ 61.77	\$ 5,939,500,000
1883	97,049,909	64.51	6,260,809,961
1882	116,307,271	66.12	7,689,453,436
1881	114,511,248	71.59	8,197,566,493
1880	97,919,099	69.60	6,819,086,054
1879	72,795,762	56.85	4,136,633,570
1878	39,875,593	54.10	2,157,269,581
1877	49,832,960	52.20	2,601,280,512
1876	39,926,990	53.40	2,132,050,483
1875	53,813,937	53.20	2,862,993,683

It is calculated that every sale of stock involves the drawing of two checks for the amount, and that, hence, the exchanges resulting from stock transactions in 1884 would amount to \$11,879,000,000, as compared with \$12,520,000,000 in 1883, and \$16,395,000,000 in 1881. This, however, accounts for only \$4,500,000,000 out of a de-

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cline reaching \$18,400,000,000 since 1881, and leaves \$13,900,000,000 due to other causes. There are other forms of speculation besides that in stocks which have largely influenced the clearings in recent years, particularly the dealings in grain, cotton and petroleum. Thus the sales of grain and flour at the New York Produce Exchange, according to the *Chronicle*, reached 1,663,548,319 bushels in 1884, as compared with 2,447,726,933 bushels in 1883, 1,269,228,748 bushels in 1882, and \$12,048,005 in 1881. The future business in cotton, according to the same authority was 24,360,800 bales in 1884, as compared with 30,324,600 bales in 1881, 13,548,203 bales in 1877, and 1,209,149 in 1870. All these various forms of speculation have an important influence in determining the amount of the clearings, especially at New York, which is the center of speculative activity.

The total clearings for 1884, at thirty Clearing-houses, reached \$44,091,569,448 as compared with \$51,721,469,395 at the same Clearing-houses in 1883. All the Clearing-houses report their transactions except St. Paul. The Clearings outside of New York reached \$13,105,698,277, as compared with \$14,287,168,424 in 1883. The balances reach approximately \$3,244,759,256, or 7.38 per cent. of the clearings, of which \$1,772,897,842 were outside of New York, being 13.53 per cent. of the clearings at the same places.

There has been no change in the aggregate number of banks represented in our Clearing-houses, and very little change in the amount of the capital. The greatest change is at New York, where one bank has been admitted—the Bank of the Metropolis—while two, the Marine National and Wall Street Banks, have failed; and another, the Metropolitan, though still a member, is in liquidation. The following table, compiled from returns from the various Clearing-houses, and from the *Banker's Almanac* for 1885, gives the names of our Clearing-houses, the date of their establishment, the number of members, and the capital surplus and undivided profits of the banks at the end or in the last quarter of 1884, so far as they can be ascertained:

Clearing-house.	When Established.	No. of Banks Associated.	Capital of Associated Banks.	Surplus and Undivided Profits.	Total Capital, Surplus and un- divided Profits.
New York.....	1853	63	\$50,719,700	\$40,062,535	\$90,782,235
Boston.....	1850	22	50,800,000	14,634,086	65,434,086
Philadelphia.....	1858	30	17,078,000	11,319,250	28,397,250
Chicago.....	1865	19	14,186,000	7,745,210	21,931,210
St. Louis.....	1868	20	9,150,000	5,771,084	14,921,084
Baltimore.....	1858	21	12,685,760	4,560,857	17,246,617
San Francisco.....	1876	16	abt.22,500,000	abt.11,000,000	abt.33,500,000
New Orleans.....	1872	10	5,475,000	1,094,933	7,469,933
Pittsburgh.....	1866	19	10,823,050	4,526,365	15,349,415
Cincinnati.....	1866	18	9,821,000	1,615,660	11,436,660
Providence.....	1866	34	17,913,800	4,007,100	21,920,900
Louisville.....	1876	21	8,919,860	1,770,366	10,690,226
Milwaukee.....	1868	9	1,225,000	723,527	1,948,527
Kansas City.....	1873	6	1,950,000	902,803	2,852,803
Detroit.....	1883	15	4,445,000	813,411	5,258,411
Cleveland.....	1868	10	3,700,000	793,219	4,493,219
St. Paul.....	1874	9	5,250,000	1,455,222	6,705,222
Minneapolis.....	1881	12	4,347,700	708,381	5,056,081
Indianapolis.....	1871	8	2,481,600	368,272	2,849,872
Hartford.....	1872	15	8,075,000	2,876,892	10,951,892
New Haven.....	1872	10	4,764,800	1,495,871	6,260,671
Memphis.....	1879	7	1,681,300	499,000	2,180,300
Peoria.....	1880	8	600,000	433,620	1,123,620
Portland, Me.....	1865	6	3,250,000	1,325,280	4,575,280
Worcester.....	1861	8	2,450,000	920,000	3,370,000
Springfield.....	1872	9	3,300,000	1,483,758	4,783,758
Lowell.....	1876	7	2,500,000	963,849	3,463,849
St. Joseph.....	1877	4	300,000	81,581	381,581
Columbus.....	1868	15	890,000	291,594	1,181,594
Norfolk.....	1871	5	500,000	355,346	855,346
Syracuse.....	1874	8	1,355,000	740,033	2,095,033
Total, 31 Clearing-houses		494	\$292,422,070	\$126,510,303	\$418,932,373
1883 (31 Clearing-houses)		494	292,665,798	122,905,350	415,571,148
1882 (29 Clearing-houses)		455	270,262,485	111,662,864	382,225,349
1881 (28 Clearing-houses)		446	266,665,254	*79,659,014	*346,324,268
1880 (28 Clearing-houses)		437	266,325,711	66,767,292	333,093,003

* Surplus only included.

The capital, as above given, is less than that actually represented, owing to the fact that the private banks, for the most part, do not report. At San Francisco the estimate of last year is retained for want of a better. A large number of the banks in the various clearing cities, not themselves members, effect their settlements through the Clearing-house by means of banks which are members.

The total clearings and balances for 1884, the increase or decrease per cent. in the clearings, the ratio of balances to clearings, and the total exchanges, so far as can be ascertained, to December 31, 1884, are as follows:

Clearings.	Increase or Decrease %.	Balance.	Bal. to Cl. %.	Total Cl. reported to Dec. 31, '84.	No. of y's re-ported.
New York..	30,985,871.170	-17.2	1.471,861,414	4.75	726,290,123,667.32
Boston.....	3,243,327,058	-7.7	431,268,183	13.30	65,713,168,863.29
Philad.	2,514,028,863	-10.7	226,307,687	9.00	48,448,180,931.27
Chicago....	2,259,680,392	-10.5	239,625,323	10.60	24,352,521,229.20
St. Louis...	785,202,177	-9.8	125,260,145	15.05	9,493,757,179.16
Baltimore...	*631,687,135	-9.4	182,000,000	13.00	6,183,734,035.10
San Francis.	556,557,691	-9.9	95,275,201	17.11	5,154,671,767.9
Pittsburgh..	469,316,010	-5.7	96,345,357	20.53	4,011,548,345.19
Cincinnati..	460,600,000	-6.8	166,000,000	15.00	6,595,798,715.19
New Orleans	454,500,000	-13.8	145,000,000	10.00	5,694,980,501.13
Providence..	217,448,300	-8.3	143,000,000	20.00	1,596,487,300.8
Louisville..	211,700,000	-1.4	148,700,000	23.00	1,416,458,016.9
Milwaukee..	178,995,637	+1.7	33,818,706	18.88	2,299,792,410.16
Kan. City...	177,175,497	+33.7	25,037,130	14.13	691,756,794.11
Detroit.....	133,611,910	-	22,416,551	16.78	264,618,623.2
Minneapolis	110,556,620	+22.8	127,600,000	25.00	200,556,620.2
Cleveland..	106,044,770	-9	125,500,000	24.00	704,044,850.8
Hartford....	81,834,837	-10.8	23,182,893	28.27	520,696,969.7
Indianapolis	73,943,168	-21.8	12,345,408	16.87	937,321,074.14
Memphis....	60,040,361	+6.1	11,872,930	19.78	255,495,801.5
New Haven..	57,709,870	-8.5	113,000,000	22.50	397,712,039.8
Portland....	45,421,102	-5.1	8,571,467	18.87	231,786,097.5
Peoria.....	44,658,884	+13.2	111,000,000	25.00	197,544,552.4
Worcester..	39,610,041	-8.0	12,777,475	32.26	541,354,093.24
Springfield	37,585,774	-6.7	10,549,540	28.07	378,877,983.13
Columbus...	34,858,428	+10.3	5,283,222	15.41	230,102,390.11
St. Joseph..	34,657,818	+7.7	15,640,000	16.27	171,357,105.8
Norfolk....	34,158,781	+26.3	6,071,617	17.78	87,102,049.3
Syracuse...	27,266,247	+4.9	7,066,504	25.92	159,717,184.8
Lowell.....	24,460,396	-30.8	9,428,793	38.55	184,041,906.9
Total, 30 Cl.-houses.	44,091,569,447	-14.8	3,244,759,256	7.38	914,302,364,887
Outside N. Y.	13,105,698,277	-8.3	1,772,897,812	13.53	188,012,181,220
Total, 1882.	57,197,267,725	-14.9	3,398,993,042	6.57	-
Outside N. Y.	14,287,168,424	+3.1	1,834,244,916	12.84	-
Estimated clearings not included above....	-	-	-	-	9,800,000,000

\$924,102,364,887

* From the Boston Post. † From the Commercial and Financial Chronicle. ‡ Estimated.

The total amount of balances paid in effecting these enormous transactions has not probably exceeded \$56,000,000,000 or not far from six per cent. of the exchanges. As several of the leading Clearing-houses do not report their balances, this must be taken as a rough approximation only. The amount of actual cash handled in effecting the Clearing-house exchanges is still more uncertain, though from such data as are known the ratio of cash has probably been from two to three per cent. of the exchanges, indicating a saving in the handling of cash through our Clearing-house machinery of about ninety-seven or ninety-eight per cent. of the exchanges effected through its agency. At New York, in 1884, the amount of cash handled amounted to less than one-half of one per cent. of the exchanges, while at San Francisco it was six per cent.

These two Clearing-houses are the only ones which keep a record showing the proportion of their balances paid in cash and certificates, though it is to be hoped that other Clearing-houses will follow the example. The amounts paid respectively in these different ways at New York and San Francisco in 1884 were as follows:

	New York.	proportion per cent.	San Francisco.	proportion per cent.
Paid in legal tenders and change	\$136,028,414.07	9.24	\$33,967,811.49	35.65
Gold Coin.....	52,870,000.00	3.60	2,767,390.00	2.90
Legal tender Certificates.	648,551,000.00	44.60	58,540,000.00	61.45
U. S. Gold	75,510,000.00	4.79	-	-
C. H. Loan	563,962,000.00	38.31	-	-
C. H. Gold	-	-	-	-
Total	\$1,471,861,414.07	100.00	\$95,275,201.49	100.00

The ratio of balances to clearings depends partly upon the number of banks, but much more upon the amount and character of their business, and upon their mutual relations to one another. Thus at Lowell, with seven banks, the ratio is 38 per cent.; at Worcester, with eight banks, 32.26; at Syracuse, with eight banks 26; at Memphis, with seven banks, 20. At Pittsburgh, with over sixty banks directly or indirectly making their clearings, the ratio is 20 per cent. on 469 millions of business, while at New Orleans, with ten banks, it is only about ten per cent. on transactions of 454 millions. At Boston, with seventy-six banks directly or indirectly involved, the ratio is 13 per cent. on 3,243 millions, while at Philadelphia, with thirty banks, it is only 9 per cent. on 2,514 millions. At New York about 13 per cent. of the balances are due to the operations of the United States Assistant Treasurer, who almost always has a heavy balance to pay to the associated banks. This appears in a striking manner from the following record of the Assistant Treasurer's dealings with the Clearing-house since July 1, 1880:

	Checks taken to C. H.	Checks rec'd from C. H.	Balances paid to C. H.	Balances rec'd from C. H.
1880 (last 6 mos.)	\$43,783,905	\$188,869,859	\$145,432,235	\$346,281
1881.....	99,892,848	355,747,878	261,787,748	5,934,718
1882.....	125,559,767	353,559,169	229,397,539	1,598,837
1883.....	110,340,821	287,948,162	170,014,037	1,466,696
1884.....	111,894,497	299,879,734	188,624,513	639,276
Total.....	\$500,471,838	\$1,485,805,102	\$995,251,072	\$9,917,808
Total Exchanges..	\$1,986,276,940	-	-	-
Total Balances....	\$1,005,168,880	-	-	-

Here the balances are more than fifty per cent. of the clearings, and just in proportion as the transactions of the banks among themselves approach this condition, in that proportion will the ratio of balances to clearings be increased. On the other hand, the more nearly the banks stand on an equality with each other, the more

The transactions of the principal foreign Clearing-houses from which returns have been received have been as follows:

Total British..... £ 5,951,473,044 . \$ 28,962,805,400 . \$ 29,622,012,000

In regard to the German Clearing-houses, nine in number, which will form the subject of a subsequent article, the President of the Imperial Bank furnishes the following interesting record of their transactions during the year 1884:

Average amount of each piece ... \$1.459

The following table gives the clearings by months at London, Paris, New York and Boston, in millions of dollars:

Total	823.1		28,218.6		30,985.9		3,243.3
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The following table shows the comparative statistics of our own and the British Clearing-houses for a series of years, in millions of dollars:

914,302.3	726,200.1	188,011.8	452,788.4
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It is proper, in closing, to acknowledge the valuable assistance rendered by the managers of the various Clearing-houses and others for their timely assistance in furnishing the data used in the foregoing article.

DUDLEY P. BAILEY.

going article.
* From Oct. 11

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